

AMENDED IN SENATE AUGUST 1, 2016

AMENDED IN ASSEMBLY MAY 10, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2471**

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**Introduced by Assembly Member Quirk  
(Coauthor: Assembly Member Bonta)**

February 19, 2016

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An act to amend Sections 57077.1 and 57103 of the Government Code, and to add Chapter 8 (commencing with Section 32495) to Division 23 of the Health and Safety Code, relating to health care districts.

LEGISLATIVE COUNSEL’S DIGEST

AB 2471, as amended, Quirk. Health care districts: dissolution.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts by local agency formation commissions. Existing law establishes the procedures for the dissolution of the existence of a district and sets forth provisions for winding up the affairs of a dissolved district, as specified. Existing law generally authorizes the dissolution of a district without voter approval, except as specified. Notwithstanding those provisions, existing law subjects the dissolution of a health care district to voter approval.

This bill would require the Alameda County local agency formation commission to order the dissolution of the Eden Township Healthcare District if that health care district meets certain criteria, as specified. The bill would subject a dissolution under these provisions to specified

provisions of the act that require dissolution by voter approval only if a majority protest exists, as specified. By requiring a higher level of service from the Alameda County local agency formation commission to analyze the criteria described above, the bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Eden Township Healthcare District in Alameda County.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 57077.1 of the Government Code is
- 2 amended to read:
- 3 57077.1. (a) If a change of organization consists of a
- 4 dissolution, the commission shall order the dissolution without
- 5 confirmation of the voters, except if the proposal meets the
- 6 requirements of subdivision (b), the commission shall order the
- 7 dissolution subject to confirmation of the voters.
- 8 (b) The commission shall order the dissolution subject to the
- 9 confirmation of the voters as follows:
- 10 (1) If the proposal was not initiated by the commission, and if
- 11 a subject agency has not objected by resolution to the proposal,
- 12 the commission has found that protests meet one of the following
- 13 protest thresholds:
- 14 (A) In the case of inhabited territory, protests have been signed
- 15 by either of the following:
- 16 (i) At least 25 percent of the number of landowners within the
- 17 affected territory who own at least 25 percent of the assessed value
- 18 of land within the territory.
- 19 (ii) At least 25 percent of the voters entitled to vote as a result
- 20 of residing within, or owning land within, the affected territory.

1 (B) In the case of a landowner-voter district, that the territory  
2 is uninhabited and that protests have been signed by at least 25  
3 percent of the number of landowners within the affected territory  
4 owning at least 25 percent of the assessed value of land within the  
5 territory.

6 (2) If the proposal was not initiated by the commission, and if  
7 a subject agency has objected by resolution to the proposal, written  
8 protests have been submitted as follows:

9 (A) In the case of inhabited territory, protests have been signed  
10 by either of the following:

11 (i) At least 25 percent of the number of landowners within any  
12 subject agency within the affected territory who own at least 25  
13 percent of the assessed value of land within the territory.

14 (ii) At least 25 percent of the voters entitled to vote as a result  
15 of residing within, or owning land within, any subject agency  
16 within the affected territory.

17 (B) In the case of a landowner-voter district, that the territory  
18 is uninhabited and protests have been signed by at least 25 percent  
19 of the number of landowners within any subject agency within the  
20 affected territory, owning at least 25 percent of the assessed value  
21 of land within the subject agency.

22 (3) If the proposal was initiated by the commission, and  
23 regardless of whether a subject agency has objected to the proposal  
24 by resolution, written protests have been submitted that meet the  
25 requirements of Section 57113.

26 (c) Notwithstanding subdivisions (a) and (b) and ~~Section 57102,~~  
27 *Sections 57102 and 57103*, if a change of organization consists of  
28 the dissolution of a district that is consistent with a prior action of  
29 the commission pursuant to Section 56378, 56425, or 56430, the  
30 commission may do either of the following:

31 (1) If the dissolution is initiated by the district board,  
32 immediately approve and order the dissolution without an election  
33 or protest proceedings pursuant to this part.

34 (2) If the dissolution is initiated by an affected local agency, by  
35 the commission pursuant to Section 56375, by the Alameda County  
36 local agency formation commission pursuant to Section 32495 of  
37 the Health and Safety Code, or by petition pursuant to Section  
38 56650, order the dissolution after holding at least one noticed  
39 public hearing, and after conducting protest proceedings in  
40 accordance with this part. Notwithstanding any other law, the

1 commission shall terminate proceedings if a majority protest exists  
2 in accordance with Section 57078. If a majority protest is not  
3 found, the commission shall order the dissolution without an  
4 election.

5 SEC. 2. Section 57103 of the Government Code is amended  
6 to read:

7 57103. Any order in any resolution adopted by the commission  
8 on or after January 1, 1986, ordering the dissolution of a local  
9 hospital district, organized pursuant to Division 23 (commencing  
10 with Section 32000) of the Health and Safety Code, is subject to  
11 confirmation by the voters, except as set forth in Chapter 8  
12 (commencing with Section 32495) of Division 23 of the Health  
13 and Safety Code.

14 SEC. 3. Chapter 8 (commencing with Section 32495) is added  
15 to Division 23 of the Health and Safety Code, to read:

16  
17 CHAPTER 8. DISSOLUTION  
18

19 32495. (a) The Alameda County local agency formation  
20 commission shall review the compliance of the Eden Township  
21 Healthcare District with the criteria set forth in subdivision (b). If  
22 all of the criteria under subdivision (b) are met, the commission  
23 shall order the dissolution of the district pursuant to paragraph (2)  
24 of subdivision (c) of Section 57077.1 of the Government Code.

25 (b) For purposes of subdivision (a):

26 (1) The health care district does not currently receive a property  
27 tax allocation.

28 (2) The health care district has substantial net assets.

29 (3) The health care district does not provide a direct health care  
30 service.

31 (4) The health care district fails to comply with Section 32496,  
32 if that section is added by Assembly Bill 2737 of the 2015–16  
33 Regular Session of the Legislature.

34 (c) If the commission orders the dissolution of the district  
35 pursuant to subdivision (a), the dissolution shall be subject to the  
36 provisions of the dissolution process, as set forth in paragraph (2)  
37 of subdivision (c) of Section 57077.1 of the Government Code.

38 (d) For purposes of this section:

1 (1) “Direct health care service” means the ownership or  
2 operation of a hospital, medical clinic, wellness center, or  
3 ambulance service.

4 (2) “District” or “health care district” means the Eden Township  
5 Healthcare District.

6 (3) “Local agency formation commission” or “commission”  
7 means the Alameda County local agency formation commission.

8 SEC. 4. The Legislature finds and declares that a special law  
9 is necessary and that a general law cannot be made applicable  
10 within the meaning of Section 16 of Article IV of the California  
11 Constitution because of the unique circumstances relating to the  
12 Eden Township Healthcare District in Alameda County.

13 SEC. 5. If the Commission on State Mandates determines that  
14 this act contains costs mandated by the state, reimbursement to  
15 local agencies and school districts for those costs shall be made  
16 pursuant to Part 7 (commencing with Section 17500) of Division  
17 4 of Title 2 of the Government Code.